

**From:** Silver, Shelli  
**Sent:** Friday, June 15, 2007 7:58 PM  
**To:** 'APIPA - Rodney Armstead'; 'Care 1st - Scott Cummings'; 'DES-CMDP - Kathy-Taylor Laws'; 'Health Choice - Carolyn Rose'; 'Mercy Care Plan - Stan Aronovitch'; 'Phoenix Health Plan - Nancy Novick'; 'Pima Health System - Karen Fields'; 'University Family Care - Kathleen Oestreich'; 'Bridgeway Health Solutions - Richard Fredrickson'; 'Cochise - Mary Gomez'; 'DES/DDD - Barbara Brent'; 'Evercare - Charles Dow'; 'Mercy Care - Stan Aronovitch'; 'Pima LTC - Karen Fields'; 'Pinal/Gila - Barbara Zwiener'; 'SCAN LTC - Henry Osowski'; 'Yavapai County LTC - Jan Hart'; Eddy Broadway  
**Cc:** DHCM Managers; Betlach, Tom; Price, Kari  
**Subject:** Upcoming Legislative Changes

I'm sure you all read the news that House and Senate leadership agreed to a budget today. It still needs to go back to each body for a vote, but we hope something will hit the Governor's desk soon!

Following is a list of program items that we believe will be included in the final budget. I did not hear any details about today's agreement, so if I learn that any of these fell out of the budget, I will be sure to keep you updated. Please keep in mind that all of these are subject to change.

- **Outlier:** As you know, AHCCCS recommended that the cost-to-charge ratios used in the qualification and payment calculations for inpatient outliers shift to the Medicare urban and rural CCRs, updated annually. We recommended a 3-year phase-in; there was debate up to the end regarding a 2 year vs. a 3 year phase - I don't know where it is currently but will share that information once I have it. This change will be implemented with dates of service on and after 10/1/2007.

Please start to consider system changes that you will need to implement to accommodate this change in methodology. AHCCCS staff are meeting next week to begin discussions on systems changes. Once we have developed our system plan, we will share more information with you.

- **Dental:** Non-emergency (basic and preventive) dental services will be covered for ALTCS adults, effective 10/1/2007, up to \$1,000 per member annually. This language is in "Session Law," which means that it is temporary (1 year); it is not a change to permanent statute. This language will have to be re-stated each year, or moved into permanent law, for this benefit to continue.

Again, consider how this will impact your system, including the \$1,000 cap. Next week's meeting among AHCCCS staff will also consider this item and thus information will be shared with you when available.

- **Hospice:** Hospice services for Acute members aged 21-64, and non-Medicare members 65+, will now be covered. Like the dental benefit, this change is in Session Law thus will have to be reauthorized annually or moved into permanent law.

We will be discussing system issues at our gynomous systems meeting next week. Consider edits that may need to be lifted, among other issues.

- **HPV:** As far as I know, the funding for providing the HPV vaccine to women aged 21-26 is still in the budget. More to come on this...

And one issue outside the budget bill:

- AHCCCS has filed a proposed Rule change for Outpatient payments as follows:

- Increase the peer group modifier (PGM) for critical access hospitals (CAHs) from 92% to 115% (or, from 192% of the OPFS amount to 215% of the OPFS amount) - prospective change only
- The Ambulatory Payment Classification (APC) System groups that AHCCCS is permitted to use, which trigger bundling, are fixed to those in place on November 15, 2004, in Federal regulation (R9-22-712.20(8)). Proposed change would allow us to update and revise APC groups and related procedure codes.
- We expect an effective date on the Rule on or around 10/1/07

Please don't hesitate to let me know if you have any questions, but please note that I will be out of town the week of the 18th. I will get back to you upon my return. Thanks.

Shelli